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LAFAYETTE PUBLIC POWER AUTHORITY

A COMPONENT UNIT OF THE LAFAYETTE CITY-PARISH CONSOLIDATED GOVERNMENT

FINANCIAL REPORT

YEARS ENDED OCTOBER 31, 2011 AND 2010

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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Lafayette Public Power Authority
Lafayette, Louisiana

We have audited the accompanying basic financial statements of the Lafayette Public Power Authority, a component unit of the Lafayette City-Parish Consolidated Government, as of and for the year ended October 31, 2011, as listed in the table of contents These financial statements are the responsibility of the Lafayette Public Power Authority's management Our responsibility is to express an opinion on these financial statements based on our audit

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audit provides a reasonable basis for our opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lafayette Public Power Authority, as of October 31, 2011, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America

In accordance with Government Auditing Standards, we have also issued our report dated April 23, 2012, on our consideration of the Lafayette Public Power Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit

Management's Discussion and Analysis on pages 4 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information However, we did not audit the information and express no opinion on it

Our audit was conducted for the purpose of forming an opinion on the basic financial statements The accompanying financial information listed as "Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Lafayette Public Power Authority Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole The prior year comparative information on the supplementary information has been derived from the Lafayette Public Power Authority's 2010 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements taken as a whole

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
April 23, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

LAFAYETTE PUBLIC POWER AUTHORITY
Lafayette, Louisiana

Management's Discussion and Analysis
October 31, 2011

Our discussion and analysis of the Lafayette Public Power Authority's (LPPA) financial performance provides an overview of LPPA's financial activities for the fiscal year ended October 31, 2011 It is designed to focus on the current year's activities, resulting changes, and currently known facts Please read it in conjunction with LPPA's basic financial statements, which follow this section

LPPA, a component unit of the Lafayette City-Parish Consolidated Government (LCG), constitutes a legal entity separate and apart from LCG and was created for the purpose of generating, purchasing and selling electric power to, or exchanging electric power with, the City of Lafayette Utilities System (LUS) and others

FINANCIAL HIGHLIGHTS

- Assets of LPPA exceeded its liabilities at the close of the most recent fiscal year by $62 2 million (net assets) Unrestricted fund net assets amount to $28 6 million and may be used to meet ongoing operations and obligations
- Investment in the Capital Assets of LPPA at the end of the year totaled $43 8 million
- Long-term debt outstanding decreased as a result of the scheduled payment of bond principal

USING THIS ANNUAL REPORT

This report consists of Management's Discussion and Analysis (MD&A), the basic financial statements, and notes to the financial statements. MD&A provides a narrative of LPPA's financial performance and activities for the year ended October 31, 2011 The basic financial statements provide readers with information about LPPA's activities and financial position, in a manner similar to private-sector business The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements

The basic financial statements consist of three statements

- The Statement of Net Assets presents information on all of LPPA's assets and liabilities, with the difference between the two reported as net assets Evaluating the changes (increases and decreases) in net assets over time may serve as a useful indicator of whether the financial position of LPPA is declining or improving
- The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents information on how LPPA's net assets changed during the most recent fiscal year The statement uses the accrual basis of accounting, similar to that used by private-sector businesses All revenues and expenses are reported regardless of the timing of when cash is received or paid
- The Statement of Cash Flows presents information showing how LPPA's cash changed during the most recent fiscal year It shows the sources and uses of cash

FINANCIAL ANALYSIS OF LPPA AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of financial position Assets of LPPA exceeded its liabilities at the close of the fiscal year by $62 2 million (net assets) The total net assets at October 31, 2011 note a significant increase when compared to the prior year, increasing $10 9 million or 21% Total assets remained constant The total liabilities decreased $10 6 million due to an increase in current liabilities and a substantial decrease in long-term debt Current liabilities increased $1 7 million due to outstanding balances in construction and freight costs Long-term liabilities decreased $12 6 million or 24% as a result of scheduled debt service payments

LPPA has a power sales contract with the City of Lafayette Utilities System (LUS) by which LPPA has sold and the City has purchased all of LPPA's electrical generating capacity of the Rodemacher Unit No 2 In accordance with the terms and conditions of the power sales contract, the City of Lafayette Utilities System is obligated to pay LPPA's monthly power costs, which include operational costs, debt service requirements, and any other deposit requirements of LPPA's bond ordinance However, since billings to LUS are on a cash basis, revenues and expenses for accounting purposes may not match

Total revenues for 2011 when compared to 2010 remain constant Total expenses for 2011 decreased $5 2 million or 9% Depreciation expenses decreased $3 2 million or 83% as a result of the change in estimated service life of its assets (See Note 3) Also notable is the decrease in non-operating expenses of $1 4 million or 39% which is due to a reduction in interest expense and a reduction in its loss on asset dispositions The total of expenses for 2011 was $53 4 million The revenues and expenses are illustrated in Table 2

The largest expense of LPPA is that of Fuel Cost, which represents 77% of current year expenses Fuel Cost is the cost of coal burned in the generation of electricity, and includes transportation and other costs In 2011, the average cost per ton was $48 99 which was $1 80 more than the previous year's $47 19 average cost per ton

The amount of coal burned for the year was 830,546 tons, which were 71,319 less tons than burned in 2010 LPPA's coal inventory at fiscal year-end was $13,169,008 representing 261,157 tons

The following Table 1 reflects the comparative condensed Statement of Net Assets for 2011 and 2010

TABLE 1
Condensed Statement of Net Assets
October 31, 2011 and 2010

			Increase (Decrease)	
	2011	2010	Amount	Percent
Assets				
Current assets	$ 27,042,865	$ 26,374,777	$ 668,088	2 53%
Restricted assets	46,822,609	46,860,175	(37,566)	-0 08%
Capital assets (net of depreciation)	43,822,517	44,460,244	(637,727)	-1 43%
Other assets	1,247,364	875,813	371,551	42 42%
Total assets	118,935,355	118,571,009	364,346	0 31%
Liabilities				
Current liabilities	3,409,016	1,719,265	1,689,751	98 28%
Other current liabilities	14,265,563	13,898,508	367,055	2 64%
Long-term debt outstanding	39,030,720	51,669,692	(12,638,972)	-24 46%
Total liabilities	56,705,299	67,287,465	(10,582,166)	-15 73%
Net assets				
Invested in capital assets, net of related debt	12,757,827	1,386,857	11,370,970	-819 91%
Restricted for debt service	20,824,268	20,713,017	111,251	0 54%
Unrestricted	28,647,961	29,183,670	(535,709)	-1 84%
Total net assets	$ 62,230,056	$ 51,283,544	$ 10,946,512	21.35%

The table below provıdes a summary of revenues and expenses for the years ended October 31,

TABLE 2
Revenues and Expenses by Category
For the Years Ended October 31, 2011 and 2010

	2011		2010	
Revenue Category	Amount	% of Total	Amount	% of Total
Energy sales				
Non-operatıng revenues	$ 64,047,865	99 46%	$ 64,653,777	99 57%
Total revenues	344,574	0 54%	276,645	0 43%
	$ 64,392,439	100 00%	$ 64,930,422	100 00%
Expense Category				
Fuel (coal and gas)				
Productıon (O&M)	$ 40,968,583	76 65%	$ 42,364,565	72 22%
Admınıstratıve and general	7,079,381	13 25%	6,539,853	11 15%
Depreciatıon	2,497,759	4 67%	2,239,278	3 82%
Other non-operatıng expenses	669,941	1 25%	3,855,656	6 57%
Total expenses	2,230,263	4 17%	3,657,657	6 24%
	$ 53,445,927	100 00%	$ 58,657,009	100 00%

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Lafayette Publıc Power Authorıty's largest capıtal asset ıs ıts 50% ownershıp ınterest ın the Rodemacher Unıt No 2 located ın Boyce, Louısıana The remaınıng ownershıp ınterest ın the Rodemacher Unıt No. 2 ıs shared by CLECO (30%) and LEPA (20%) At the end of 2011, LPPA had $43 8 mıllıon (net of depreciatıon) ınvested ın capıtal assets The electrıc plant represents 89% of the gross capıtal assets Other assets ınclude land, coal cars, and constructıon ın progress

Long-Term Debt

At October 31, 2011, LPPA had $51,750,000 of outstandıng bonded debt, $2,380,000 of (2002 serıes) Electrıc Revenue Refundıng Serıal bonds, $16,785,000 of (2003 serıes) Electrıc Revenue Refundıng Serıal Bonds, and $32,585,000 of (2007 serıes) Electrıc Revenue Serıal Bonds

As of October 31, 2011, the LPPA Revenue Bonds are rated as follows

	Moody's Investors Service	Standard & Poor's
Insured Ratings	Aaa	AAA
Underlying Ratings	A1	A

Detailed information on LPPA's long-term debt can be found in Note 4 of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Fiscal Year 2012 Budget includes a $2 million decrease in billed revenue to the City of Lafayette, which is a result of a $4 million decrease in debt service and $2 million increase in fuel as compared to the fiscal year 2011 budget The debt service decrease is a result of anticipated extinguishment of the Refunding Series 2002, 2003A, and 2003B bonds Fuel increases are due to increasing costs of fossil fuel prices and transportation, in addition to increased tons burned In Fiscal Year 2013, LPPA plans to issue bonds at a cost of $64 million The issuance will increase debt service beginning in Fiscal Year 2013 The funds will be used to finance its portion of the costs to comply with EPA environmental standards at the Rodemacher Unit No 2 Power Station Detailed information can be found in Note 7B of the Notes to the Financial Statements

Since the City of Lafayette Utilities System (LUS) is LPPA's major customer and they share the same governing authority, their budget preparation processes runs parallel The LUS projected revenues and generation needs are major factors in the consideration of LPPA's budget Economic projections for LUS's electric kWh sales are conservative and based on historical growth trends For the LUS 2012 budget, electric retail kWh sales are projected to increase by 1 4% over fiscal year 2011 budgeted sales and electric wholesale kWh sales are projected at a minimum for spot sales The average retail electric rate per kWh is projected to increase from fiscal year 2011 actual of $ 0886 to $ 0916 for fiscal year 2012 budget, reflecting an increase in the budgeted fuel adjustment charge due to projected increases in fuel costs for FY 2012

Other economic indicators of the City of Lafayette (including LUS and, therefore, LPPA), such as sales tax growth, unemployment rates, and residential and commercial permits are also considered These factors were positive, but conservative estimates are used for budget purposes LPPA sales projections are based upon economic dispatch of all LPPA/LUS facilities with consideration of reliability, unit maintenance, transmission constraints, and directives by the regional load regulators For 2012, LPPA kWh generation represents 70% of LUS's kWh requirements

CONTACTING THE LAFAYETTE PUBLIC POWER AUTHORITY FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Lafayette Public Power Authority's finances Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Financial Officer, Lafayette Public Power Authority, P O Box 4017-C, Lafayette, Louisiana 70502

BASIC FINANCIAL STATEMENTS

LAFAYETTE PUBLIC POWER AUTHORITY
Lafayette, Louisiana

Statements of Net Assets
October 31, 2011 and 2010

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash	$ 422,474	$ 172,903
Investments	11,300,000	10,300,000
Accounts receivable	29,037	26,177
Inventory	15,291,354	15,875,697
Total current assets	27,042,865	26,374,777
NONCURRENT ASSETS		
Restricted assets		
Cash with paying agent	14,265,563	13,898,508
Cash		
Bond reserve	3,898	30,800
Reserve and contingency	63,741	63,741
Investments (at fair value)		
Construction bonds	7,232,778	7,748,650
Bond reserve	15,591,545	15,469,389
Reserve and contingency	5,100,000	5,100,000
Fuel cost stability	4,500,000	4,500,000
Accrued interest receivable		
Bond reserve	65,084	49,087
Total restricted assets	46,822,609	46,860,175
DEFERRED CHARGES		
Preliminary survey/investigation costs	514,112	28,158
Unamortized debt expense	733,252	847,655
Total deferred charges	1,247,364	875,813
PROPERTY, PLANT, AND EQUIPMENT		
Land	201,964	201,964
Construction in progress	1,202,180	864,113
Plant in service	142,355,192	141,627,647
Coal cars	16,024,525	16,024,525
Total	159,783,861	158,718,249
Less accumulated depreciation	(115,961,344)	(114,258,005)
Net property, plant, and equipment	43,822,517	44,460,244
Total noncurrent assets	91,892,490	92,196,232
Total assets	$ 118,935,355	$ 118,571,009

The accompanying notes are an integral part of the basic financial statements

	2011	2010
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 1,918,780	$ 133,160
Due to primary government	2,411	3,058
Due to Lafayette Utilities System	1,487,825	1,583,047
Total	3,409,016	1,719,265
CURRENT LIABILITIES (payable from restricted assets)		
Revenue bonds payable	13,030,000	12,365,000
Accrued interest payable	1,235,563	1,533,508
Total	14,265,563	13,898,508
Total current liabilities	17,674,579	15,617,773
NONCURRENT LIABILITIES		
Revenue bonds payable	38,720,000	51,750,000
Add: unamortized premium	1,047,181	1,818,003
Less: unamortized loss on bond refunding	(736,461)	(1,898,311)
Total noncurrent liabilities	39,030,720	51,669,692
Total liabilities	56,705,299	67,287,465
NET ASSETS		
Invested in capital assets, net of related debt	12,757,827	1,386,857
Restricted for debt service	20,824,268	20,713,017
Unrestricted	28,647,961	29,183,670
Total net assets	62,230,056	51,283,544
Total liabilities and net assets	$ 118,935,355	$ 118,571,009

LAFAYETTE PUBLIC POWER AUTHORITY
Lafayette, Louisiana

Statements of Revenues, Expenses, and Changes in Fund Net Assets
For the Years Ended October 31, 2011 and 2010

	2011	2010
Operating revenues		
Charges for services	$ 64,047,865	$ 64,653,777
Operating expenses		
Production	47,900,234	48,713,236
Transmission	147,730	191,182
Administration and general	2,497,759	2,239,278
Depreciation and amortization	669,941	3,855,656
Total operating expenses	51,215,664	54,999,352
Operating income	12,832,201	9,654,425
Nonoperating revenues (expenses)		
Interest income	190,783	271,413
Interest expense	(836,798)	(1,371,584)
Amortization of debt expense	(114,403)	(114,403)
Amortization of loss on reacquired debt	(1,161,850)	(1,104,808)
Net loss on disposition of capital assets	(117,212)	(1,001,548)
Gain (loss) on investments	153,791	(55,036)
Gain on disposition of allowance	-	5,232
Penalties	-	(10,278)
Total nonoperating revenues (expenses)	(1,885,689)	(3,381,012)
Change in net assets	10,946,512	6,273,413
Net assets, beginning	51,283,544	45,010,131
Net assets, ending	$ 62,230,056	$ 51,283,544

The accompanying notes are an integral part of the basic financial statements

LAFAYETTE PUBLIC POWER AUTHORITY
Lafayette, Louisiana

Statements of Cash Flows
For the Years Ended October 31, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 63,911,254	$ 64,912,391
Payments to suppliers for goods and services	(46,152,344)	(48,870,367)
Payments to employees and for employee related costs	(390,851)	(402,499)
Net cash provided by operating activities	17,368,059	15,639,525
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on bonds	(12,365,000)	(11,730,000)
Interest paid	(2,769,071)	(3,347,526)
Preliminary survey/investigation costs paid	(485,954)	(28,158)
Proceeds from redesignation of capital assets	-	222,670
Purchase and construction of capital assets	(880,603)	(1,260,767)
Net cash used by capital and related financing activities	(16,500,628)	(16,143,781)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales (purchases) of investments - net	31,122	(150,000)
Interest earnings	175,299	398,810
Other	-	(5,046)
Net cash provided by investing activities	206,421	243,764
Net increase (decrease) in cash and cash equivalents	1,073,852	(260,492)
Cash and cash equivalents, beginning of the year	41,814,602	42,075,094
Cash and cash equivalents, end of the year	$ 42,888,454	$ 41,814,602

(continued)

LAFAYETTE PUBLIC POWER AUTHORITY
Lafayette, Louisiana

Statements of Cash Flows (Continued)
For the Years Ended October 31, 2011 and 2010

	2011	2010
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 12,832,201	$ 9,654,425
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	669,941	3,855,656
Debt service on coal cars in inventory	2,289,165	2,285,358
Change in assets and liabilities		
Accounts receivable	(2,860)	(17,611)
Inventory	584,343	2,780,389
Accounts payable	1,091,138	(3,200,178)
Due to other governments	(95,869)	281,486
Net cash provided by operating activities	$ 17,368,059	$ 15,639,525
Noncash investing, capital and financing activities		
Capital assets contributed	$ -	$ 59,356
Increase (decrease) in fair value of investments	$ 153,791	$ (55,036)
Net loss on disposal of capital assets	$ 117,212	$ 1,001,548
Cash and cash equivalents, beginning of period		
Cash - unrestricted	$ 172,903	$ 583,540
Investments - unrestricted	10,300,000	10,300,000
Cash - restricted	13,993,049	13,646,212
Investments - restricted	17,348,650	17,545,342
Total	41,814,602	42,075,094
Cash and cash equivalents, end of period		
Cash - unrestricted	$ 422,474	172,903
Investments - unrestricted	11,300,000	10,300,000
Cash - restricted	14,333,202	13,993,049
Investments - restricted	16,832,778	17,348,650
Total	42,888,454	41,814,602
Net increase (decrease)	$ 1,073,852	$ (260,492)

The accompanying notes are an integral part of the basic financial statements

(1) Summary of Significant Accounting Policies

A Reporting Entity

The Lafayette Public Power Authority (Authority) is a political subdivision of the State of Louisiana created for the purpose of planning, financing, constructing, acquiring, improving, operating, maintaining and managing public power projects or improvements solely or jointly with other public or private corporations and for the purpose of providing electric power for the City of Lafayette and others The Authority constitutes a legal entity separate and apart from the Lafayette City-Parish Consolidated Government (Lafayette Consolidated Government) The Lafayette City-Parish Council is the governing authority, its Chief Executive Officer is the President of the Lafayette Consolidated Government, its Managing Director is the Director of Lafayette Utilities System (LUS), and its Secretary is the Lafayette Consolidated Government's Clerk

The Authority, Central Louisiana Electric Company, Inc (CLECO) and Louisiana Energy and Power Authority (LEPA) are parties to agreements governing the ownership and operation of the electric generating and transmission facilities CLECO manages the construction and operation of the fossil fuel steam electric generating plant known as Rodemacher Unit No 2 The project is owned jointly by the Authority (50%), CLECO (30%) and LEPA (20%) The financial information contained in these statements is only that of the Authority

The Authority entered into a power sales contract with the City of Lafayette on May 1, 1977 The City agreed to purchase and the Authority agreed to sell the "project capability," which is the amount of electric power and energy, if any, which the project is capable of generating, with certain limitations. The project is defined as the Authority's fifty percent (50%) ownership interest in the fossil fuel steam electric generating plant

The Authority, reported in these statements as a proprietary fund, prepares its financial statements in accordance with the standards established by the Governmental Accounting Standards Board (GASB) GASB Statement No 14 has defined the governmental reporting entity to be the Lafayette Consolidated Government The accompanying statements present only transactions of the Authority, a component unit of the Lafayette Consolidated Government

The Lafayette Consolidated Government issues basic financial statements annually, which includes presentation of the activities contained in the accompanying financial statements

B Basis of Accounting

The accounts of the Authority are maintained substantially in accordance with the Uniform System of Accounts of the Federal Energy Regulatory Commission (FERC) and are in conformity with generally accepted accounting principles (GAAP) Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statute 24 517 and to the guidelines set forth in the Louisiana Governmental Audit Guide In certain instances, FERC regulations differed from generally accepted accounting principles In those situations, the Authority followed the FERC guidance, as directed by law However, amounts reported, according to FERC regulations, did not differ materially from GAAP

The Authority maintains its books and records on the full accrual basis of accounting and on the flow of economic resources measurement focus The Authority applies all applicable professional standards in accounting and reporting for its proprietary operations

Proprietary funds distinguish operating revenues and expenses from non-operating items Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations The principal operating revenues are charges to customers for sales and services Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses

On November 1, 2001, the Authority adopted the provisions of Statement No 34 ("Statement 34") of the Governmental Accounting Standards Board "Basic Financial Statements - and Management's Discussion and Analysis-for State and Local Governments " Statement 34 established standards for external reporting for all state and local governmental entities, which includes a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows It requires the classification of fund net assets into three components -invested in capital assets, net of related debt, restricted, and unrestricted These classifications are defined as follows

(1) Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt Rather, that portion of the debt is included in the same net assets component as the unspent proceeds

(2) Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation

(3) Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt

The adoption of Statement No 34 had no effect on the basic financial statements except for the classification of net assets in accordance with the Statement and the reflection of capital contributions as a change in net assets

C Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost and include direct and overhead costs and the costs of funds borrowed by the Authority and used for construction purposes

Depreciation of property, plant, and equipment is computed using the straight-line method over the expected service lives of the assets as follows

	Years
Production plant	50-95
General plant	5-45
Coal cars	27

In order to be consistent with industry practices, the Authority increased its estimates of the useful lives of the production and general plant assets during the fiscal year ended October 31, 2011 The effects of this change in accounting estimate can be seen in Note (3)

D Investments

Under State law, the Authority may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in the State of Louisiana In accordance with GASB Statement No 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments meeting the criteria specified in the Statement are stated at fair value, which is either a quoted market price or the best estimate available Investments which do not meet the requirements are stated at cost These investments include overnight repurchase agreements U S Treasury and agency obligations that have a remaining maturity at time of purchase of one year or less are shown at amortized cost

E Inventory

Coal inventory is stated at the lower of cost or market as determined by the average cost method Coal inventory amounted to $13,169,008 representing 261,157 tons at October 31, 2011 and $13,859,432 representing 299,426 tons at October 31, 2010

The spare parts and supplies inventory is stated at the lower of cost or market as determined by the average cost method and amounted to $2,122,346 and $2,016,265 at October 31, 2011 and 2010, respectively

F Unamortized Debt Expense

Debt expense incurred at bond issuance is capitalized and amortized over the life of the bonds using the sum of the bonds outstanding method

G Unamortized Loss on Bond Refunding

Losses incurred upon refunding of debt are treated as deferred charges and amortized over the life of the new bonds issued

H Electric Revenue Bonds

Bonds outstanding are reported net of unamortized premium and unamortized loss on reacquired debt The premium is amortized over the life of the bonds using the sum of the bonds outstanding method

I Salaries and Related Expenses

The Authority reimburses the Lafayette Consolidated Government for salaries, benefits and related expenses of employees who perform duties for the Authority The Authority is not liable and, therefore, does not accrue vacation and sick-time benefits

J Cash Flows

For purposes of the Statements of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents

K Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

(2) Cash and Investments

Cash and investments include bank balances and investments that at the balance sheet date were entirely insured or collateralized with securities held by the Authority or by its agent in the Authority's name. Cash balances are stated at cost, which approximates market Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent The Authority has no custodial credit risk associated with these deposits

During the years ended October 31, 2011 and 2010, the Authority realized no gain or loss from the sale of investments The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year The increase/(decrease) in the fair value of investments during the years ended October 31, 2011 and 2010 was \$153,791 and \$(55,036), respectively These amounts take into account all changes in fair value (including purchases and sales) that occurred during the year The unrealized gain on investments held at October 31, 2011 and 2010 was \$172,667 and \$18,876, respectively

As of October 31, 2011, the Authority had the following investments and maturities

			Investment Maturities	
Investment Type	% of Portfolio	Fair Value	Less Than One Year	One - Five Years
Repurchase agreements	65%	$ 28,332,778	$ 28,332,778	$ -
U S Instrumentalities	35%	15,391,545	-	15,391,545
Total	100%	$ 43,724,323	$ 28,332,778	$ 15,391,545

As a component unit of the Lafayette Consolidated Government, the Authority follows the Cash Management Rules and Guidelines of the Lafayette Consolidated Government The following are the risks associated with these rules and guidelines

Interest Rate Risk As a means of limiting its exposure to fair-value losses arising from rising interest rates, the Authority's investment policy limits the investment portfolio to "money market instruments, which are defined as very creditworthy, highly liquid investments with maturities of one year or less Although there may be certain circumstances in which longer-term securities are utilized, the general use of long-term securities shall be avoided

Credit Risk The Authority's Investment Policy limits investments to fully insured and/or fully-collateralized certificates of deposits and direct and indirect obligations of U S government agencies At October 31, 2011, the Authority's investments in the Federal Home Loans Bank, the Federal Farm Credit Bank, and the Federal Home Loan Mortgage Company (as noted on the above chart) was rated AAA by Standard & Poor's and Aaa by Moody's Investors Service

Concentration of Credit Risk The Authority's investment policy limits the Authority's investment instruments to 1) Certificates of Deposit, 2) Certain direct obligations of the US Government, 3) Other "direct obligations" of the US Government, and, 4) Obligations of certain US Government Agencies

(3) Property, Plant, and Equipment

The following is a summary of changes in property, plant, and equipment

	Balance 11/01/10	Additions	Deletions	Balance 10/31/11
Property, plant, and equipment not being depreciated				
Land	$ 201,964	$ -	$ -	$ 201,964
Construction in progress	864,113	1,609,832	1,271,765	1,202,180
Other property, plant, and equipment				
Production plant	140,776,416	1,139,756	521,265	141,394,907
General plant	851,231	132,009	22,955	960,285
Coal cars	16,024,525	-	-	16,024,525
Totals	158,718,249	2,881,597	1,815,985	159,783,861
Less accumulated depreciation	114,258,005	2,095,600	392,261	115,961,344
Property, plant, and equipment, net	$ 44,460,244	$ 785,997	$ 1,423,724	$ 43,822,517

Depreciation expense charged to operations for the years ended October 31, 2011 and 2010 was $2,095,600 and $5,216,404, respectively Of the total depreciation expense, $1,425,659 and $1,360,748, relative to the coal cars, was charged to the production of coal for the years ended October 31, 2011 and 2010, respectively

During the fiscal year ended October 31, 2011, the Authority increased its estimates of the useful lives of production plant and general plant assets in order to be consistent with industry practices This change had the effect of increasing operating income, and consequently, the change in net assets, by approximately $3,017,265

(4) Electric Revenue Bonds

The following is a summary of the electric revenue bonds transactions for the year ended October 31, 2011

Issue	Balance 11/1/2010	Additions	Deletions	Balance 10/31/2011	Due Within One Year
Serial Bond - 2002	$ 3,600,000	$ -	$ 1,220,000	$ 2,380,000	$ 1,275,000
Serial Bond - 2003	27,410,000	-	10,625,000	16,785,000	11,215,000
Serial Bond - 2007	33,105,000	-	520,000	32,585,000	540,000
	$ 64,115,000	$ -	$ 12,365,000	$ 51,750,000	$ 13,030,000

The Authority issues bonds where it pledges project power revenues, after payment of operating expenses, as well as assets of the Authority, as established by ordinance Revenue bonds outstanding at October 31, 2011 and 2010 are as follows

Purpose	Interest Rate	Issue Date	2011	2010
Electric Revenue Refunding Serial Bonds Series 2002	2 85% - 4 00%	09/01/02	$ 2,380,000	$ 3,600,000
Electric Revenue Refunding Serial Bonds Series 2003	5 00%	08/04/03	16,785,000	27,410,000
Electric Revenue Refunding Serial Bonds Series 2007	3 50% - 5 00%	12/05/07	32,585,000	33,105,000
Total principal outstanding			51,750,000	64,115,000
Add unamortized premium			1,047,181	1,818,003
Less unamortized loss on refunding			(736,461)	(1,898,311)
Net revenue bonds outstanding			$ 52,060,720	$ 64,034,692

Revenue bond debt service requirements to maturity are as follows

Year Ended October 31	Principal	Interest	Total
2012	$ 13,030,000	$ 2,157,076	$ 15,187,076
2013	7,235,000	1,671,029	8,906,029
2014	580,000	1,486,594	2,066,594
2015	605,000	1,462,056	2,067,056
2016	630,000	1,435,069	2,065,069
2017 - 2021	3,575,000	6,750,578	10,325,578
2022 - 2026	4,410,000	5,883,325	10,293,325
2027 - 2031	11,965,000	4,428,488	16,393,488
2032 - 2033	9,720,000	492,000	10,212,000
	$ 51,750,000	$ 25,766,215	$ 77,516,215

Prior Year Issue

On December 5, 2007, the Authority issued $34,045,000 in Electric Revenue Bonds dated December 6, 2007, with interest rates ranging from 3 50 to 5 00 percent The net proceeds of $33,926,453 (after premiums of $344,296 and payment of $462,843 in underwriting fees) are to provide capital to fund construction projects Bond proceeds in the amount of $15,945,966 were used to purchase 246 aluminum rail cars, which have a useful life of 27 years The remaining proceeds will be used to fund its share of capital projects at the Rodemacher Unit No 2 Power Station The projects include but are not limited to the installation of Low Nox burners, a rewind of the Generator Stator, a re-tube of the main condenser, and the replacement of the feed water heater

Prior Year Refundings

On August 4, 2003, the Authority issued $61,210,000 of Electric Revenue Refunding Bonds dated August 4, 2003, with an interest rate of 5 00 percent to advance refund $66,400,000 of outstanding 1993 Series bonds with an interest rate ranging from 2 80 to 5 25 percent The net proceeds of $67,638,981 (after premiums of $7,393,484 and payment of 964,503 in underwriting fees, insurance, and other issuance costs) plus an additional $1,636,481 of 1993 Series bonds sinking fund monies were used to purchase U S government securities Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1993 Series bonds As a result, the 1993 Series bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements

The 1993 Series bonds were called on the optional call date of November 1, 2004, for a partial legal defeasance

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $3,989,680 The difference, reported in the accompanying financial statements as a deduction from bonds payable, and will be charged to operations through the year 2012 The loss amortization for the years ended October 31, 2011 and 2010 was $730,996 and $692,540, respectively The remaining unamortized loss at October 31, 2011 and 2010 was $363,054 and $1,094,050, respectively The government completed the advance refunding to reduce its total debt service payments over the next nine years by $6,478,124 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $5,732,007

On September 12, 2002, the Authority issued $30,340,000 of Electric Revenue Refunding Bonds dated September 1, 2002, with interest rates ranging from 2 85 to 4 00 percent to advance refund $29,855,000 of outstanding 1996 Series bonds with an interest rate ranging from 3 70 to 5 25 percent The net proceeds of $30,121,607 (after premiums of $223,760 and payment of $442,153 in underwriting fees, insurance, and other issuance costs) plus an additional $736,943 of 1996 Series bonds sinking fund monies were used to purchase U S government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1996 Series bonds As a result, the 1996 Series bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements

The 1996 Series bonds were called on the optional call date of November 1, 2002, for a complete legal defeasance

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $10,252,646 This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2012 The loss amortization for the years ended October 31, 2011 and 2010 was $430,854 and $412,268, respectively The remaining unamortized loss at October 31, 2011 and 2010 was $373,407 and $804,261, respectively The government completed the advance refunding to reduce its total debt service payments over the next 10 years by $2,260,203 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,779,886

(5) Reconciliation of Income with Billings

Pursuant to Section 7 2 of its bond ordinance, the Authority is required to fix, establish, maintain and collect sufficient rates and charges to pay all costs of operations and maintenance, repairs, renewals and replacements, debt service installments and deposits into the bond reserve account and the bond reserve and contingency fund Further, the power sales contract with the City of Lafayette provides that the components of the billing to the City includes all such costs and deposit requirements and also include a credit for all receipts from other sources

Because of the differences between receipts and costs for billing purposes and revenues and expenses for statement presentation, the Statement of Revenues and Expenses might reflect a net income or loss for the year even though the authority was in compliance with all provisions of the bond covenant For example, for statement presentation, the costs of capital items are billed and included as revenue from the City of Lafayette, but are shown as an asset rather than an expense Similarly, some items considered as receipts for billing purposes are not treated as revenues for accounting purposes

The following is a reconciliation of net income (loss) with billings for the years ended October 31, 2011 and 2010

	2011	2010
Billing charges not treated as expenses for accounting purposes		
Capital expenses	$ 480,963	$ 629,788
Principal (net of coal cars)	11,604,341	11,004,253
Accounting expenses not treated as charges for billing purposes		
Depreciation (net)	(669,941)	(3,855,656)
Amortization of		
Debt issue expense	(114,403)	(114,403)
Loss on bond refunding	(1,161,850)	(1,104,808)
Bond premium	770,823	770,823
Unrealized gain (loss) on investment	153,791	(55,036)
Net loss on disposition of capital assets	(117,212)	(1,001,548)
Net income	$10,946,512	$ 6,273,413

(6) Flow of Funds/Restrictions on Use

Under the terms of the ordinance authorizing and providing for the issuance of electric revenue bonds of the Authority to finance the acquisition of an ownership interest in a fossil fuel steam electric generating plant and for other purposes relating thereto, the bonds are special obligations of the Authority payable solely from and secured by the revenues and other funds including bond proceeds Such revenues consist of all income, fees, charges, receipts, profits, and other money derived by the Authority from its ownership and operation of the fossil fuel steam electric generating plant, other than certain money derived during the period of construction

Money in the revenue fund shall be first applied to the payment of operating expenses of the plant, exclusive of depreciation and amortization Money in the revenue fund shall then be deposited into the bond fund to pay principal and premium, if any, and interest on all bonds as they become due and payable and then applied to maintain in the bond fund reserve account an amount equal to the maximum annual debt service requirement on all bonds (initially funded from bond proceeds) After making the required payments into the operating account and bond fund, there shall be paid out of the revenue fund into the reserve and contingency fund an amount equal to $1,500,000 or such greater amount as may be determined by the consulting engineer, provided that there shall not be required to be paid therein during any month an amount in excess of twenty-five percent (25%) of the amounts required to be paid during such month to the bond fund

If on any October 31st following the date of commercial operation, the monies credited (or to be credited as of such date) to the revenue fund shall exceed the Authority's required amount of working capital for the operations of the plant, the amount of such excess shall be applied by the Authority (i) to reduce monthly power costs to the City of Lafayette under the power sales contract, (ii) to pay the cost of making repairs, renewals and replacements, additions, betterments and improvements to and extensions of the plant operations, (iii) to the purchase or redemption of bonds; (iv) to any other purpose in connection with the plant operation, or, (v) to any other lawful purpose of the Authority, including the payment of subordinated indebtedness

The fuel cost stability fund was established to allow level billings to the retail customer when the generating plant is out of service for a period of seven days or more In those instances, a credit may be applied to the monthly power bill to the City of Lafayette When the unit has been returned to operation, the funds, which were applied as a credit, are recovered by application of a surcharge to restore the fund balance over a reasonable period of time

The reserve and contingency cash and investment balance at October 31, 2011 and 2010 was $5,163,741 for each year

(7) Commitments and Contingencies

A Coal Purchase Commitment

On August 4, 2009, the Authority and the Louisiana Energy and Power Authority entered into a two year contract with Arch Coal Sales Company, Inc The Authority's share of the contract tonnage to be purchased is 1,800,000 tons On May 5, 2011, the Authority and the Louisiana Energy and Power Authority entered into a one-year contract with Arch Coal Sales Company, Inc The Authority's share of the contract tonnage to be purchased is 900,000 tons

The term of the contract and annual quantities to be purchased are as follows

Calendar Year	Annual Quantity	Committed Cost	Purchase Commitment
2011	900,000	13 25	$ 11,925,000
2012	900,000	14 25	12,825,000
	1,800,000		$ 24,750,000

The contract price per ton is to be adjusted quarterly based upon the changes in certain economic indices stated in the contract

During the fiscal year ended October 31, 2011, the Authority purchased 703,696 tons at $13 25 per ton for a total cost of $9,323,972

B Environmental Regulations

The Authority is subject to federal, state and local laws and regulations governing the protection of the environment Violations of these laws and regulations may result in substantial fines and penalties The Authority has obtained the environmental permits necessary for its operation, and management believes the Authority is in compliance in all material respects with these permits, as well as all applicable environmental laws and regulations Environmental requirements affecting electric power generation facilities are complex, change frequently, and have become more stringent over time as a result of new legislation, administrative actions, and judicial interpretations Therefore, the capital costs and other expenditures necessary to comply with existing and new environmental requirements are difficult to determine

The Environmental Protection Agency (EPA) has proposed and adopted rules under the authority of the Clean Air Act (CAA) relevant to the emissions of sulfur dioxide (SO2) and nitrogen oxide (NOx) from the Authority's generating units The CAA established the Acid Rain Program to address the effects of acid rain and imposed restriction on SO2 emissions from certain generating units The CAA requires these generating units to possess a regulatory "allowance" for each ton of SO2 emitted beginning in the year 2000 The EPA allocates a set number of allowances to each affected unit based on its historic emissions As of October 31, 2011, the Authority had sufficient allowances for 2011 operations and expects to have sufficient allowances for 2012 operations under the Acid Rain Program The Acid Rain Program also established emission rate limits on NOx emissions for certain generating units The Authority is able to achieve compliance with the Acid Rain Program permit limits for NOx at the Rodemacher Unit

On July 6, 2011, the EPA finalized a rule titled "Federal Implementation Plans to Reduce Interstate Transport of Find Particulate Matter and Ozone" known as CSAPR that would require significant reductions in SO2 and NOx emissions from electric generating units (EGUs) in 28 states, including Louisiana Under CSAPR, the EPA would set total emissions limits for each state allowing limited interstate (and unlimited intrastate trading) of emission allowances among power plants to comply with these limits beginning January 1, 2012 Specifically for Louisiana, CSAPR would limit NOx emissions for the ozone season, consisting of the months of May through September

On December 30, 2011, in response to numerous petitions by both state and industry participants, the D C Circuit Court of Appeals issued an order staying implementation of CSAPR pending resolution of legal challenges to the rule The Court further ordered that the Clean Air Interstate Rule, a predecessor rule to CSAPR, remain in place while CSAPR is stayed Oral arguments are scheduled to be heard in April 2012 and the Court could decide the case as early as the summer of 2012 The Authority is considering various options for meeting the NOx allocation established by CSAPR for the Rodemacher Unit in the event the stay is eventually lifted These options include the installation of additional emission controls and the implementation of alternate dispatch schedules for generation units

The EPA also has adopted rules under Section 112 of the CAA governing the emissions of mercury and other hazardous air pollutants from certain EGUs The EPA established maximum achievable control technology (MACT) standards for coal-fired EGUs in late 2011, and signed a final rule setting forth national emissions standards for hazardous air pollutants from coal- and oil-fired electric utility steam generating units on December 16, 2011 The final rule is now known as MATS MATS requires affected EGUs to meet specific numeric emission standards and work practice standards to address hazardous air pollutants

In order to comply with these regulations, the Authority's 50% share of costs is approximately $74,700,000 Compliance with CSAPR is estimated to be completed during the 2011-2012 fiscal year at a cost of $7,300,000 Compliance with MATS is estimated to be completed during the 2013-2014 fiscal year at a cost of $67,400,000 Funding for these projects is expected to be obtained through existing funds and the issuance of $64,000,000 bonds during the fiscal year ended October 31, 2013

(8) Litigation

There is no litigation pending against the Authority at October 31, 2011

(9) Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters The Authority, through its agreement with CLECO is insured to reduce the exposure to these risks

(10) Related Party Transactions

The Lafayette Consolidated Government provides management and administrative support functions to the Authority in exchange for a fee The amount charged to the Authority for these services for the years ended October 31, 2011 and 2010 amounted to $93,836 and $102,285, respectively As of October 31, 2011 and 2010, the Authority owed the Lafayette Consolidated Government $2,411 and $3,058, respectively

The Lafayette Utilities System (LUS) provides management and administrative support functions to the Authority in exchange for a fee The amount charged to the Authority for these services for the years ended October 31, 2011 and 2010 amounted to $409,130 and $390,851, respectively In addition, LUS provides auxiliary power to the Authority The amount charged to the Authority for these services for the years ended October 31, 2011 and 2010 amounted to $170,458 and $164,848, respectively As of October 31, 2011 and 2010, the Authority owed LUS $445,597 and $404,208, respectively

The Authority sells electric power to LUS Amounts billed to LUS for electric power sales for the years ended October 31, 2011 and 2010 were $64,047,865 and $64,653,777, respectively As of October 31, 2011 and 2010, the Authority owed LUS $1,042,228 and $1,178,839, respectively

(11) Concentrations

The Authority, in accordance with its power sales contract disclosed in Note (A), currently sells all of its electric power generated to the City of Lafayette Should the City of Lafayette seek other possible sources of electricity, the Authority, through its 50% ownership of the Rodemacher Unit No 2, could conceivably offer power to other interested purchasers

(12) Subsequent Event Review

The Authority has evaluated subsequent events through April 23, 2012, the date which the financial statements were available to be issued

SUPPLEMENTARY INFORMATION

LAFAYETTE PUBLIC POWER AUTHORITY
Lafayette, Louisiana

Schedule of Changes in Restricted Assets
For the Year Ended October 31, 2011

	Cash With Paying Agent	Bond Reserve Fund	Bond Principal and Interest Fund	Reserve and Contingency Fund	Fuel Cost Stability Fund	2007 Construction Fund	Total
Restricted cash and cash equivalents, October 31, 2010	$13,898,508	$ 30,800	$ -	$5,163,741	$4,500,000	$7,748,650	$31,341,699
Cash receipts							
Interest received	-	227,342	8,368	4,467	3,940	6,761	250,878
Cash disbursements							
Principal payments	(12,365,000)	-	-	-	-	-	(12,365,000)
Interest payments	(2,769,071)	-	-	-	-	-	(2,769,071)
Construction payments	-	-	-	-	-	(540,358)	(540,358)
Transfers among funds							
Transfers from Bond Principal and Interest Fund	15,501,126	-	-	-	-	-	15,501,126
Transfers from Revenue Fund	-	-	15,501,126	-	-	17,725	15,518,851
Transfers to Paying Agent	-	-	(15,501,126)	-	-	-	(15,501,126)
Transfers to Revenue Fund - interest	-	(254,244)	(8,368)	(4,467)	(3,940)	-	(271,019)
Restricted cash and cash equivalents, October 31, 2011	14,265,563	3,898	-	5,163,741	4,500,000	7,232,778	31,165,980
Restricted investments and accrued interest, October 31, 2010	-	15,518,476	-	-	-	-	15,518,476
Maturities of investments	-	(15,450,000)	-	-	-	-	(15,450,000)
Purchases of investments	-	15,100,000	-	-	-	-	15,100,000
Increase in accrued interest receivable	-	15,997	-	-	-	-	15,997
Increase in fair value	-	153,791	-	-	-	-	153,791
Decrease in unamortized discount	-	3,526	-	-	-	-	3,526
Increase in unamortized premium	-	314,839	-	-	-	-	314,839
Restricted investments and accrued interest, October 31, 2011	-	15,656,629	-	-	-	-	15,656,629
Total restricted cash, investments, and accrued interest, October 31, 2011	$14,265,563	$15,660,527	$ -	$5,163,741	$4,500,000	$7,232,778	$46,822,609

LAFAYETTE PUBLIC POWER AUTHORITY
Lafayette, Louisiana

Schedules of Operating Expenses
For the Years Ended October 31, 2011 and 2010

	2011	2010
Operating expenses		
Production -		
Steam power generation - operation		
Supervision	$ 183,140	$ 208,077
Fuel expense	40,968,583	42,364,565
Steam expense	662,613	630,285
Electric expense	589,770	566,966
Miscellaneous	663,880	494,124
Total	43,067,986	44,264,017
Steam power generation - maintenance		
Supervision and engineering	403,253	318,181
Structures	259,127	365,757
Boiler plant	2,916,220	2,591,448
Electric plant	189,651	193,907
Miscellaneous steam plant	893,539	815,078
Total	4,661,790	4,284,371
Steam power generation - maintenance		
Auxiliary power and EPA allowances	170,458	164,848
Total production	47,900,234	48,713,236
Transmission -		
Load dispatching expenses	147,730	191,182
Administrative and general -		
Administrative and general salaries	362,653	358,417
Miscellaneous general expenses	128,041	118,102
Administrative and general expenses	1,752,075	1,505,421
Outside services employed	88,216	89,536
Paying agent fees	16,144	19,821
Property insurance	150,630	147,981
Total administrative and general	2,497,759	2,239,278
Depreciation	669,941	3,855,656
Total operating expenses	$ 51,215,664	$ 54,999,352

INTERNAL CONTROL

AND

COMPLIANCE

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Commissioners
Lafayette Public Power Authority
Lafayette, Louisiana

We have audited the basic financial statements of the Lafayette Public Power Authority, a component unit of the Lafayette City-Parish Consolidated Government, as of and for the year ended October 31, 2011, and have issued our report thereon dated April 23, 2012 We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lafayette Public Power Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Lafayette Public Power Authority's internal control over financial reporting Accordingly, we do not express an opinion on the effectiveness of the Lafayette Public Power Authority's internal control over financial reporting

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lafayette Public Power Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards

This report is intended solely for the information and use of management of the Lafayette Public Power Authority and is not intended to be and should not be used by anyone other these this specified parties However, under Louisiana Revised Statute 24 513, this report is distributed by the Legislative Auditor as a public document

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
April 23, 2012

LAFAYETTE PUBLIC POWER AUTHORITY
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended October 31, 2011

Ref No	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Completion Date
CURRENT YEAR (10/31/11) --						
		There were no findings noted				
PRIOR YEAR (10/31/10) --						
		There were no findings noted				